

***Financial Report***  
***Village East Fire Protection District***  
***Houma, Louisiana***  
***For the year ended December 31, 2011***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 13 2012**

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## **Village East Fire Protection District**

For the year ended December 31, 2011

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## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Village East Fire Protection District,  
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Village East Fire Protection District (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit have not been determined.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of the Village East Fire Protection District, as of December 31, 2011, or the changes in financial position thereof for the year then ended.

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the General Fund of the primary government of the Village East Fire Protection District, as of December 31, 2011, and the respective changes in financial position thereof and, the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2012 on our consideration of Village East Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 7, 2012.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Village East Fire Protection District**

The Management's Discussion and Analysis of the Village East Fire Protection District (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2011 by \$1,162,473 (net assets), which represents a 25.84% increase from last fiscal year.

The District's revenue increased by \$153,282 (or 69.07%) primarily due to greater ad valorem tax revenues received in 2011.

The District's expenditures decreased by \$11,144 (or 7.55%) primarily due to an decrease in supplies and materials.

The District did not have any funds with deficit fund balances.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful

indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public safety which is comprised of various programs that includes construction, maintenance and operation of fire protection facilities and the prevention and extinguishing of fires.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 8-12 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2011, assets exceeded liabilities by \$1,162,473. A portion of the District's net assets (50.38%) reflects its investment in capital assets (e.g., vehicles, machinery and equipment and building improvements). Consequently, these assets are not available for future spending.

### **Condensed Statements of Net Assets**

	For the year ended December 31,		Dollar
	2011	2010	Change
Current and other assets	\$ 922,002	\$ 733,641	\$ 188,361
Capital assets	585,661	584,935	726
Total assets	1,507,663	1,318,576	189,087
Current and other liabilities	345,190	394,814	(49,624)
Net Assets:			
Invested in capital assets	585,661	584,935	726
Unrestricted	576,812	338,827	237,985
Total net assets	\$ 1,162,473	\$ 923,762	\$ 238,711

The amount of current and other assets increased primarily due to an increase in amount Due from Terrebonne Parish Consolidated Government.

### **Governmental Activities**

Governmental activities increased the District's net assets by \$238,711. Key elements of this increase are as follows:

### **Condensed Changes in Net Assets**

	For the year ended December 31,		Dollar	Total
	2011	2010	Change	Percent Change
<b>Revenues:</b>				
Taxes	\$ 344,525	\$ 193,342	\$ 151,183	78.19%
Intergovernmental:				
State revenue sharing	11,286	6,525	4,761	72.97%
Fire insurance Tax	17,664	18,109	(445)	-2.46%
Miscellaneous - interest	1,720	3,937	(2,217)	-56.31%
Total revenues	375,195	221,913	153,282	69.07%
<b>Expenses:</b>				
General Government	11,196	8,162	3,034	37.17%
Public Safety	125,288	139,466	(14,178)	-10.17%
Total expenses	136,484	147,628	(11,144)	-7.55%
Increase in net assets	238,711	74,285	164,426	221.34%
Net assets beginning of year	923,762	849,477	74,285	8.74%
Net assets end of year	\$ 1,162,473	\$ 923,762	\$ 238,711	25.84%

During the year ended December 31, 2011, revenues increased \$153,282 following an increase in the millage rates. Also, during the year ended December 31, 2011, expenses decreased \$11,144. General government increased, while public safety decreased. This decrease was due to a decrease in operating supplies.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$565,230, an increase of \$238,986 in comparison with the prior year. An unassigned fund balance of \$565,230 is available for spending at the District's discretion.

### **General Fund Budgetary Highlights**

The budget was amended once during the year. The primary reason for amending the budget was to align budgeted expenditures with actual.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. See Exhibit E for a comparison of budgeted and actual revenue and expenditures.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2011, amounts to \$585,661 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery and equipment and building improvements (see table below).

	2011	2010
Vehicles, machinery, and equipment	\$ 755,898	\$ 748,799
Building Improvements	54,964	8,964
Total	<u>\$ 810,862</u>	<u>\$ 757,763</u>

Major capital asset events during the current fiscal year included replacing the roof on the main building and buying a tractor.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2011 assessment, which the District will receive, for the most part, in January 2012.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Village East Fire District, P.O. Box 10104, Houma, Louisiana 70363.

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**

**Village East Fire Protection District**

December 31, 2011

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Investments	\$ 276,803		\$ 276,803
Receivables - taxes	15,586		15,586
Due from other governmental units	618,031		618,031
Prepaid insurance	-	\$ 11,582	11,582
Capital assets -			
Depreciable, net of accumulated depreciation	-	585,661	585,661
<b>Total assets</b>	<b><u>\$ 910,420</u></b>	<b><u>597,243</u></b>	<b><u>1,507,663</u></b>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 7,467	-	7,467
Unearned revenue	337,723	-	337,723
<b>Total liabilities</b>	<b>345,190</b>	<b>-</b>	<b>345,190</b>
<b>Fund Balance/Net Assets</b>			
Fund balance			
Unassigned	565,230	(565,230)	-
<b>Total liabilities and fund balance</b>	<b><u>\$ 910,420</u></b>	<b><u>(565,230)</u></b>	<b><u>345,190</u></b>
<b>Net assets:</b>			
Invested in capital assets		585,661	585,661
Unrestricted		576,812	576,812
<b>Total net assets</b>		<b><u>\$ 1,162,473</u></b>	<b><u>\$ 1,162,473</u></b>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Village East Fire Protection District**

December 31, 2011

<b>Fund Balance - Governmental Fund</b>	<b>\$</b>	<b>565,230</b>
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Other assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental fund.

Prepaid insurance		11,582
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Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 810,862	
Less accumulated depreciation	<u>(225,201)</u>	<u>585,661</u>

<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>1,162,473</u></b>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Village East Fire Protection District**

**For the year ended December 31, 2011**

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 344,525		\$ 344,525
Intergovernmental:			
State of Louisiana:			
State revenue sharing	11,286		11,286
Fire insurance tax	17,664		17,664
Miscellaneous - interest	1,720		1,720
	<u>375,195</u>		<u>375,195</u>
<b>Total revenues</b>			
	<u>375,195</u>		<u>375,195</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustments and deductions	11,196		11,196
Public safety:			
Supplies and materials	3,422		3,422
Other services and charges	44,090	\$ 1,001	45,091
Repairs and maintenance	24,402	-	24,402
Depreciation	-	52,373	52,373
	<u>71,914</u>	<u>53,374</u>	<u>125,288</u>
<b>Total public safety</b>			
	<u>71,914</u>	<u>53,374</u>	<u>125,288</u>
Capital outlay	53,099	(53,099)	-
	<u>53,099</u>	<u>(53,099)</u>	<u>-</u>
<b>Total expenditures/expenses</b>			
	<u>136,209</u>	<u>275</u>	<u>136,484</u>
<b>Excess of Revenues Over Expenditures</b>	238,986	(238,986)	-
<b>Change in Net Assets</b>	-	238,711	238,711
<b>Fund Balance/Net Assets</b>			
Beginning of year	326,244	597,518	923,762
	<u>326,244</u>	<u>597,518</u>	<u>923,762</u>
End of year	\$ 565,230	\$ 597,243	\$ 1,162,473
	<u>\$ 565,230</u>	<u>\$ 597,243</u>	<u>\$ 1,162,473</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Village East Fire Protection District**

For the year ended December 31, 2011

**Net Change in Fund Balance - Governmental Fund** **\$ 238,986**

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 53,099	
Depreciation expense	<u>(52,373)</u>	
Excess of depreciation expense over capital outlay		726

Some expenses reported in the statement of activities do not require the use of  
current financial resources and are not reported as expenditures in  
the governmental funds.

Increase in prepaid insurance	<u>(1,001)</u>
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**Change in Net Assets of Governmental Activities** **\$ 238,711**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**

**Village East Fire Protection District**

For the year ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
Taxes	\$ 164,302	\$ 164,302	\$ 344,525	\$ 180,223
Intergovernmental:				
State of Louisiana:				
State revenue sharing	5,681	5,681	11,286	5,605
Fire insurance tax	17,720	17,720	17,664	(56)
Miscellaneous - interest	3,000	3,000	1,720	(1,280)
<b>Total revenues</b>	<b>190,703</b>	<b>190,703</b>	<b>375,195</b>	<b>184,492</b>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax deductions and adjustments	-	-	11,196	(11,196)
Public safety:				
Supplies and materials	9,600	10,100	3,422	6,678
Other services and charges	60,908	61,028	44,090	16,938
Repairs and maintenance	24,200	24,200	24,402	(202)
<b>Total public safety</b>	<b>94,708</b>	<b>95,328</b>	<b>71,914</b>	<b>23,414</b>
Capital outlay	77,500	76,880	53,099	23,781
<b>Total expenditures</b>	<b>172,208</b>	<b>172,208</b>	<b>136,209</b>	<b>35,999</b>
<b>Excess of Revenues</b>				
<b>Over Expenditures</b>	<b>18,495</b>	<b>18,495</b>	<b>238,986</b>	<b>220,491</b>
<b>Fund Balance</b>				
Beginning of year	383,007	326,244	326,244	-
End of year	\$ 401,502	\$ 344,739	\$ 565,230	\$ 220,491

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS**

**Village East Fire Protection District**

December 31, 2011

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village East Fire Protection District (the District) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2011.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriated property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Reporting Entity (continued)**

The financial statements do not include the Village East Volunteer Fire Department (the Department) which is considered to be a component unit of the District. The Department provides manpower, capital assets, materials and supplies to the District for the purpose of providing public safety. As such, the accompanying financial statements are not intended to and do not report in accordance with generally accepted accounting principles.

**b) Basis of Presentation**

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the District:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government’s availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2011 property taxes which are being levied to finance the 2012 budget will be recognized as revenue in 2012. The 2011 tax levy is recorded as unearned revenue in the District’s 2011 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board.

The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**f) Accounts Receivable**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**g) Investments**

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

Investments during the year consisted of Federal National Mortgage Association Notes and LAMP.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Vehicles, machinery and equipment	5 – 15 years
Building improvements	20 – 25 years

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**i) Fund Equity**

**Government-wide Statements:**

Equity is classified as net assets and displayed in three components:

Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2011, the District had no outstanding borrowings.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Fund Equity (continued)**

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2011 and for the year then ended, the District did not have or receive restricted net assets.

**Fund Financial Statements:**

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the District’s Board of Commissioners. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District’s Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District’s fund balance was classified as unassigned as of December 31, 2011.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) New GASB Statements**

During the year ending December 31, 2011, the District implemented the following GASB Statement:

Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications there can be more consistently applied and by clarifying the existing governmental fund type definition.

**Note 2 - INVESTMENTS**

District monies are held in a cash and investment pool maintained by the Parish and is available for use by all funds. The District's portion of this pool is displayed on the Statement of Net Assets and Governmental Fund Balance Sheet as "investments".

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts, the Louisiana Asset Management Pool (LAMP) and investment grade (A-1/P-1) commercial paper of domestic corporations.

At December 31, 2011, the District had the following investments and maturities:

Investment Type	Fair Value	Maturities
Louisiana Asset Managmeent Pool (LAMP)	\$ 276,803	52 dday average

As a means of limiting its exposure to fair value losses arising from interest rate, the District's investment policy emphasizes maintaining liquidity to match specific cash flows.

**Note 2 - INVESTMENTS (Continued)**

Credit risk is defined as the risk that as issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participant's shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP at December 31, 2011 amounted to \$276,803 and are classified on the Statement of Net Assets as "Investments".



**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2011 was \$14.11 per \$1,000 of assessed valuation on property within Village East Fire Protection District for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for the fire protection purposes, including fire hydrant rentals and services. As indicated in Note 1c, taxes levied November 1, 2011 are for budgeted expenditures in 2012 and will be recognized as revenues in 2012.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2011 consisted of the following:

State of Louisiana - State revenue sharing	\$ 7,420
Due from Terrebonne Parish	
Consolidated Government	297,063
Terrebonne Parish Tax Collector - December, 2010	
collections remitted to the District in January, 2011:	
Ad valorem taxes	309,837
State revenue sharing	<u>3,711</u>
Total	<u>\$618,031</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Balance December 31, 2011
Capital assets being depreciated:			
Vehicles, machinery and equipment	\$ 748,799	\$ 7,099	\$ 755,898
Building improvements	8,964	46,000	54,964
Total capital assets being depreciated	<u>757,763</u>	<u>53,099</u>	<u>810,862</u>
Less accumulated depreciation for:			
Vehicles, machinery and equipment	(172,290)	(51,811)	(224,101)
Building improvements	<u>(538)</u>	<u>(562)</u>	<u>(1,100)</u>
Total accumulated depreciation	<u>(172,828)</u>	<u>(52,373)</u>	<u>(225,201)</u>
Total capital assets, net	<u>\$ 584,935</u>	<u>\$ 726</u>	<u>\$ 585,661</u>

There are numerous assets, land, buildings, vehicles and equipment, used by the District which were purchased by a not-for-profit volunteer fire company. These assets remain in the name of the volunteer fire company and accordingly are not included in the capital assets of the District.

**Note 6 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

**Note 7 - COMPENSATION OF BOARD MEMBERS**

No compensation was paid to board members for the year ended December 31, 2011.

**Note 8 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 7, 2012, which is the date the financial statements were available to be issued.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,  
Village East Fire Protection District,  
Houma, Louisiana

We have audited the financial statements of the governmental activities and the General Fund of Village East Fire Protection District (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the District in a separate letter dated May 7, 2012.

The District's responses to certain matters that we reported to management of the District in a separate letter dated May 7, 2012 are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 7, 2012.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Village East Fire Protection District**

For the year ended December 31, 2011

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: adverse (omission of component unit)

Internal control over financial reporting:

- Material weakness(es) identified?                      ☐ yes      ☒ no
- Significant deficiency(ies) identified that are not  
considered to be material weaknesses?                      ☐ yes      ☒ none reported

Noncompliance material to financial statements noted?                      ☐ yes      ☒ no

##### **b) Federal Awards**

Village East Fire Protection District did not expend federal awards during the year ended December 31, 2011.

#### **Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended December 31, 2011.

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Village East Fire Protection District**

For the year ended December 31, 2011

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2010.  
No significant deficiencies were reported during the audit for the year ended December 31, 2010.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2010.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Village East Fire Protection District did not expend federal awards during the year ended December 31, 2010.

#### **Section III Management Letter**

10-1 **Recommendation** – We recommend that the District publish its minutes and budgets in an official journal on a consistent and timely basis.

**Managements Corrective Action** – The District will publish its minutes and budgets in an official journal on a consistent and timely basis. Unresolved. See 11-1.

10-2 **Recommendation** – We recommend that the District prepare written minutes for all instances of meetings of the governing authority.

**Managements Corrective Action** – The District will prepare written minutes for all instances of meetings of the governing authority. Resolved.



# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Village East Fire Protection District**

**For the year ended December 31, 2011**

### **Section I Internal Control and Compliance Material to the Financial Statements**

#### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2011.  
No significant deficiencies were reported during the audit for the year ended December 31, 2011.

#### **Compliance and Other Matters**

No compliance findings material to the financial statements were noted during the year ended December 31, 2011.

### **Section II Internal Control and Compliance Material to Federal Awards**

Village East Fire Protection District did not expend federal awards during the year ended December 31, 2011.

### **Section III Management Letter**

**11-1 Recommendation** – We recommend the District publish its minutes in an official journal on a consistent and timely basis.

**Managements Corrective Action** – The District will publish its minutes in an official journal on a consistent and timely basis.

**11-2 Recommendation** – We recommend the District amend its budget to ensure budgeted revenues and expenditures reflect viable estimates of actual amounts.

**Management's Response** – Future budgets will be amended to more accurately reflect actual revenues and expenditures.

To the Board of Commissioners,  
Village East Fire Protection District,  
Houma, Louisiana.

We have audited the basic financial statements of the Village East Fire protection District (the District), a component unit of Terrebonne Parish Consolidated Government State of Louisiana, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the District's compliance in our report dated May 7, 2012. This letter does not affect our report dated May 7, 2012 on the basic financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the District, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendations.

Sincerely,

*Bourgeois Bennett, LLC.*

Certified Public Accountants.

Houma, Louisiana,  
May 7, 2012.

## **MANAGEMENT COMMENTS**

### **Village East Fire Protection District**

For the year ended December 31, 2011

- 11-1 Condition** – Louisiana Revised Statute 43:171-177 requires that minutes, ordinances, resolutions, budgets and other official proceedings of the governing authority must be published in an official journal. The District did not publish all of their minutes in an official journal on a consistent and timely basis.

**Recommendation** – We recommend the District publish its minutes in an official journal on a consistent and timely basis.

- 11-2 Condition** – Due to a millage increase in the 2010 property tax assessment, ad valorem tax revenues realized an increase of \$180,223 or approximately 110%. However, the District's budgeted ad valorem tax revenues were not amended to reflect the increased tax revenues.

**Recommendation** – We recommend the District amend its budget to ensure budgeted revenues and expenditures reflect viable estimates of actual amounts.